GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2508
ANSWERED ON:10.03.2000
USE OF PUBLIC FUNDS
PALANIYAPPA GOUNDER KUMARASAMY

Will the Minister of FINANCE be pleased to state:

(a) whether the Planning Commission has criticized the Centre and States for inefficient use of public funds and said that they were borrowing even for current expenditure like salaries and wages, subsidies and interest payment ;

(b) if so, whether there is tremendous pressure on the Centre as almost all the State Governments are leading to insufficient funds for making the investment that are essential for the development of the economy ; and

(c) if so, the remedial steps the Government propose to take in this regard ?

Answer

MINISTER OF STATE FOR FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) and (c) : The Government and also the Planning Commissionattach importance to the efficient use of plan expenditure. Planning Commission allocates funds to various Schemes and also monitors the implementation of the plan. In this context, concerns are also expressed by the Planning Commission on unhealthy trends observed while reviewing the finances of States at the time of finalising their Annual Plans.

It is a fact that current expenditure far exceeds current revenues for both the Centre and the States, which creates pressure on availability of funds for investment purposes. Large borrowings and mounting interest burden is a major item of current expenditure. The Governments need toreduce revenue deficit and also fiscal dificit for purposes of Fiscal Consolidation.Budget 2000-01 contains measures to contain the growthof revenue deficit and seeks to promote fiscal reforms in States also.